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# **BATON ROUGE WHOLESALE FOOD-DISTRIBUTION FACILITIES**

## **Status Report**

U.S. Department of Agriculture  
Agricultural Marketing Service  
Transportation and Facilities  
Research Division  
in cooperation with the  
Louisiana State Department of  
Agriculture and Immigration

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## PREFACE

In March of 1963, the Louisiana Department of Agriculture and Immigration requested the Transportation and Facilities Research Division, U. S. Department of Agriculture, to cooperate in the examination of wholesale food-distribution facilities in Baton Rouge to determine if there were need for new facilities and interest in centralizing wholesale food distribution, and whether a complete study of the situation was necessary. This report provides a summary of the information gathered from Baton Rouge food wholesalers.

This research was done in conjunction with a farmers' market feasibility study conducted by the State Department of Agriculture in cooperation with the Louisiana State University.

Several groups and individuals cooperated in the preparation of this report: The Louisiana Department of Agriculture and Immigration and various wholesale members of the food commodities involved. Staff members of the State Agricultural Market Commission were also cooperators in the project.

## SUMMARY

A preliminary study was made of 26 wholesale food firms in Baton Rouge to determine if new or centralized facilities were required. Their volume and type of operation were studied. Although the firms are scattered throughout the city, there has been an upgrading in the past 15 years. This improvement has come about through the construction of new facilities, or by the renovation of existing facilities. In the light of this situation, and because the majority of wholesalers in the city have no desire to relocate, a study in depth is considered unnecessary.

## BATON ROUGE WHOLESALE FOOD-DISTRIBUTION FACILITIES--STATUS REPORT

By Richard K. Overheim, agricultural marketing specialist  
Transportation and Facilities Research Division  
Agricultural Marketing Service  
and  
James T. Hayes, marketing specialist  
Louisiana Department of Agriculture and Immigration  
State Market Commission  
Baton Rouge, La.

In 1960, Baton Rouge, capitol of the State of Louisiana, had a population of more than 193,000--an increase of 39 percent over 1950.<sup>1/</sup> The city is about 80 miles northwest of New Orleans on Federal highways 61-65-71 and 190. Rail service is provided to the city by the Illinois Central, the Missouri Pacific, the Louisiana and Arkansas, the Kansas City Southern, and the Texas Pacific railways.

### NUMBER OF DEALERS AND VOLUME HANDLED

Food distribution in Baton Rouge is affected by proximity to New Orleans. Because of this situation, the distribution area served by many food wholesalers in Baton Rouge is restricted; most local firms act as secondary receivers or jobbers for certain food commodities. Some food firms, which in the past operated facilities in both cities, have closed operations in Baton Rouge and now serve these customers direct from New Orleans. Other firms listed as food wholesalers in Baton Rouge do not have warehouses in the city, but act as brokers or sales representatives for national or regional concerns.

At the time this study was conducted, 26 wholesale food firms operated in the city. Not included were independent firms or food chains maintaining warehouse facilities outside the area, or handlers of seafood or sundry (nonfood) items.

The volume of food moved through Baton Rouge distribution channels by the 26 wholesalers was estimated from information supplied by each dealer interviewed. Volumes of direct receipts by methods of transportation are shown in table 1. Certain combinations of commodities were broadly interpreted so as not to divulge data on individual firms. Thus, a detailed text for the three frozen food dealers is not shown, although combined data for this food group is presented in the tables. Estimates are rounded in the text; exact figures from computations appear in the tables.

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<sup>1/</sup> U. S. Bureau of the Census. U. S. Census of Population, 1960, General, Social, and Economic Characteristics, Louisiana. Final Report PC (1) - 20C. 244 pp. U. S. Government Printing Office, Washington, D. C., 20402. 1961.

In 1962, the wholesale food handlers in Baton Rouge received a total of 80,000 tons of food commodities. Of the volume of direct receipts, 60,000 tons, or 75 percent, arrived by truck. The major portion of these truck receipts originated in the New Orleans area.

Fresh fruits and vegetables.--Fresh fruits and vegetables were handled by seven wholesale dealers; one of these firms had been in business less than 6 months. Occasionally these dealers handled other food items.

In addition, four retail firms sold some fresh fruits and vegetables at wholesale. This tonnage was insignificant and was not included as a part of the total volume figure.

A total of 22,000 tons of fresh fruits and vegetables was received by the 7 wholesale firms. Sixty-eight percent of the total volume was handled by three firms (table 1).

Meat, poultry, and related products.--There were eight meat and poultry wholesalers; four of these wholesalers handled either dairy products or groceries as secondary lines. Six retailers did some wholesaling; because they were classified primarily as retailers, their volume was not included. The total volume handled by meat and poultry dealers in 1962 was 19,000 tons. Four firms handled 73 percent of the total volume (table 1).

Groceries.--There were eight wholesale grocery firms, including one chain-store warehouse within the city. A national chain contracted with a local trucking firm to perform its cartage, but because it did not maintain warehouse facilities, it was not included. Two firms handled additional food items such as meat, poultry, and dairy products. The total volume handled by grocery wholesalers in 1962 was 37,000 tons, of which 4 firms handled 85 percent of the total (table 1).

Table 1.--Number of wholesale dealers and estimated volume of direct receipts, 1963

Type of wholesaler	Dealers	Volume of direct receipts by--		
		Rail	Truck	Total
	Number	Tons	Tons	Tons
Fresh fruits and vegetables.....	7	4,601	17,382	21,983
Meat and poultry.....	8	825	18,505	19,330
Grocery.....	8	14,158	22,950	37,108
Frozen food.....	3	389	1,318	1,707
Total.....	26	19,973	60,155	80,128

## LOCATION, SPACE, AND TENURE STATUS

The fresh fruit and vegetable wholesalers operated in various types of structures which ranged from backyard garages, small retail store buildings, or similar structures not designed for nor adapted to efficient handling methods, to those specifically designed for the individual firm's operation. These newer facilities included such desirable features as railroad sidings, loading and unloading platforms at rail or truckbed height, refrigerated space, and space for efficient use of modern handling equipment.

All wholesale fresh fruit and vegetable firms in the city were housed in single-story buildings. Three firms utilized dock or platform space. Two of the firms were served by rail: One firm was located on the Illinois Central and the other on the Louisiana and Arkansas Railway. The remaining firms were scattered throughout the city. The total space occupied by fresh fruit and vegetable dealers was 38,000 square feet. There was a total of 12,000 square feet of refrigerated space, and three firms had more than half of this space. Of the seven fresh fruit and vegetable firms, five owned their facilities and two rented, as indicated in table 2.

The eight meat and poultry wholesalers occupied one-story facilities. Six facilities had docks or platforms. Four firms were served by rail. One of these is a packer branch house, located on the Louisiana and Arkansas Railway; two are located in an industrial park, while the fourth is located near downtown Baton Rouge. The remaining meat wholesalers conducted slaughtering operations which were located on the outskirts of the city.

Total space occupied by these eight firms was 74,000 square feet, with an average of 9,250 square feet per dealer. Refrigerated space amounted to 27,000 square feet, or 36 percent of the total occupied space. Of the eight meat and poultry firms, six wholesalers owned their facilities, and two rented (table 2).

Most of the facilities occupied by nonslaughter operations were less than 20 years old. All facilities were adequate.

The eight wholesale grocers occupied single-story facilities, with one exception. This firm operated on two floors and recently installed a conveyor system which replaced elevators in the transfer of merchandise between floors.

Two firms were located in an industrial park in the northern section of the city. Two, located near the downtown area, were affiliated with a parent company in New Orleans. One firm, a chainstore warehouse, was the only facility of its type serving Baton Rouge from within the city limits. The remaining firms were scattered throughout the city. All firms used either loading docks or platforms. Six of the eight firms are served directly by rail.

Except for the smallest wholesalers, all groceries were distributed from facilities considered adequate. Such facilities were modern single-story operations with direct rail connections, loading docks at railcar and truckbed height, and other equipment usually associated with grocery warehouses designed for maximum efficiency.

Table 2.--Tenure status and space used by commodity group, 1963

Commodity group and space usage	Tenure status		Space used	Average per wholesaler
	Rent	Own		
	<u>Number</u>	<u>Number</u>	<u>Sq. ft.</u>	<u>Sq. ft.</u>
Fresh fruit and vegetable..	2	5		
Refrigerated.....			11,815	1,688
Office.....			1,278	183
First floor.....			24,447	3,492
Other <u>1/</u> .....			-----	-----
Total.....			37,540	5,363
Meat and poultry.....	2	6		
Refrigerated.....			27,190	3,399
Office.....			2,908	363
First floor.....			43,913	5,489
Other <u>1/</u> .....			-----	-----
Total.....			74,011	9,251
Grocery.....	7	1		
Refrigerated.....			9,305	1,163
Office.....			7,100	887
First floor.....			138,311	17,289
Other <u>1/</u> .....			20,776	2,597
Total.....			175,492	21,936
Frozen food.....	--	--		
Refrigerated.....			10,112	3,371
Office.....			500	167
First floor.....			<u>2/</u> (10,112)	<u>2/</u> (3,371)
Other <u>1/</u> .....			868	289
Total.....			11,480	3,827
All wholesalers.....	11	12		
Refrigerated.....			58,422	2,247
Office.....			11,786	453
First floor.....			206,671	7,949
Other <u>1/</u> .....			21,644	832
Total.....			298,523	11,482

1/ "Other" includes basement or above-first-floor storage areas.

2/ Not included in total because all first floor area is refrigerated.



## RENTAL OR OCCUPANCY CHARGE

Part of the data collected during the survey was the annual rentals paid by individual wholesale firms. There has been a definite trend toward ownership of facilities rather than renting space during the past 15 years, except for wholesale grocers (see table 2). Certain problems complicated the process of obtaining firm rental figures from dealers who own their facilities, because some dealers did not feel qualified to estimate reasonable rental value for their premises. In such instances, the average rental for the commodity group was assumed to apply.

The actual rents paid by individual wholesale firms ranged from \$0.38 per square foot to \$1.18 per square foot. There was also variation within a commodity group.

The highest cost per square foot was paid by frozen food wholesalers. This is because of the large amount of refrigerated space required for frozen food. The low cost per square foot for groceries was probably due to the location of the majority of these dealers in low rent areas. Fruit and vegetable wholesalers who own their facilities showed higher rents, because they slightly overestimated their rental values. The total annual rentals in Baton Rouge in 1962, for the 26 wholesalers included in the study, were \$152,300, or averaged \$0.51 per square foot (table 3).

Table 3.--Rental or occupancy charge of present facilities for food wholesaler, by commodity group, 1963

Commodity group	Tons handled	Rental cost per ton	Area utilized	Cost per sq. ft.	Annual rent
	<u>Tons</u>	<u>Dollars</u>	<u>Sq. ft.</u>	<u>Dollars</u>	<u>Dollars</u>
Fresh fruits and vegetables....	21,983	1.22	37,540	.71	26,820
Meat and poultry.....	19,330	2.33	74,011	.61	45,128
Groceries.....	37,108	1.80	175,492	.38	66,900
Frozen foods.....	1,707	7.91	11,480	1.18	13,500
Total or average.....	80,128	1.90	298,523	.51	152,348

### SOURCE OF SUPPLY AND METHOD OF ARRIVAL

The fruit and vegetable firms received over half their merchandise direct from shipping points. The major volume, 19,000 tons, arrived from out-of-State sources, while 2,000 tons were supplied from sources within the State. In addition, an estimated 875 tons represents interdealer transfer. Approximately 80 percent, or 17,380 tons, arrived in the city by truck, while the balance, 4,600 tons, arrived by rail.

More than 50 percent of all meat handled was shipped into Baton Rouge from outside the State. The remainder was supplied by local slaughterers or firms operating in New Orleans and other areas within the State. Ninety-six percent, or 18,500 tons, arrived by truck. The remainder, slightly over 800 tons, arrived by rail.

The grocery firms received 80 percent of their merchandise from out-of-State sources. The remaining volume, more than 6,000 tons, was supplied from sources within the State, primarily from New Orleans. Sixty-two percent, or 22,900 tons, arrived by truck, while 38 percent, or 14,200 tons, arrived by rail. See table 4 for details.

Table 4.--Food products handled by 26 wholesale dealers, 1963

Type of wholesaler	Total volume handled	Volume from sources within Louisiana	Interdealer movement
	Tons	Tons	Tons
Fresh fruits and vegetables....	21,983	2,327	874
Meat and poultry.....	19,330	8,551	477
Grocery.....	37,108	5,724	310
Frozen foods.....	1,707	365	1/ ---
Total.....	80,128	16,967	1,661

1/ Not given to prevent data disclosure.

#### DISTRIBUTION OF SUPPLIES

Interviews and discussions with Baton Rouge food wholesalers provided the background data on distribution.

Largely because of the nature of present operations in the city (a jobber service market), about 95 percent of sales were delivered by the wholesalers. The volume of each commodity group distributed within the city ranged from 44 percent of the meat and poultry volume to 67 percent of the fresh fruit and vegetables; however, slightly less than half (49 percent) of the grocery volume was distributed in Baton Rouge. Details of the distribution pattern may be seen in table 5.

Most produce dealers in the city are service wholesalers with about 90 percent of their total sales delivered. There were 14,750 tons of fresh fruits and vegetables distributed within the city, 7,000 tons distributed within the State, and less than 1 percent distributed outside the State.

More than 90 percent of the total volume of meat and poultry products was delivered by the wholesalers. Approximately 8,500 tons were distributed locally. The remaining tonnage was distributed to various points within the State. A relatively small portion of meat tonnage was shipped outside the State.

Table 5.--Area of distribution serviced by 26 food wholesalers, 1963

Type of wholesaler	Distribution within--		Distributed outside the State	Total
	Greater Baton Rouge	Other parts of Louisiana		
	<u>Tons</u>	<u>Tons</u>	<u>Tons</u>	<u>Tons</u>
Fresh fruits and vegetables..	14,757	7,051	175	21,983
Meat and poultry.....	8,463	10,867	<u>1/</u>	19,330
Groceries.....	18,182	18,889	37	37,108
Frozen food.....	928	519	260	1,707
Total.....	42,330	37,326	472	80,128

1/ Less than 1 percent.

Over 18,000 tons of groceries were distributed within the city. The remainder, or slightly over half the total tonnage, was distributed within the State. Over 95 percent of total sales were delivered by the wholesaler (table 6).

Table 6.--Method of distribution by 26 wholesale dealers, 1963

Type of wholesaler	Delivered by wholesalers	Picked up by customers	Total distribution
	<u>Tons</u>	<u>Tons</u>	<u>Tons</u>
Fresh fruits and vegetables...	21,462	521	21,983
Meat and poultry.....	17,195	2,135	19,330
Groceries.....	35,286	1,822	37,108
Frozen food.....	1,707	-----	1,707
Total.....	75,650	4,478	80,128

#### INTEREST IN PLANNED MARKET IMPROVEMENT

In the past 20 years, proposals for the improvement of wholesale market facilities in the city have been presented by various groups or individuals. However, no single proposal has been acceptable to all groups. As a result, none has been successful because of a lack of cooperation from a sufficient number of interested wholesalers, producers, or buyers.

Among those food wholesalers contacted concerning the adequacy of their present facilities and operations, there was little enthusiasm expressed in favor of centralization except in the fresh fruit and vegetable group. The interest here was not entirely favorable. There was division of opinion concerning the feasibility of acquiring new market facilities.

Only one of the three largest dealers expressed interest in centralization. This firm was not served by rail and expressed a desire to be relocated with rail facilities. Two additional firms expressed interest in centralizing wholesale fruit and vegetable operations. One of these lacked platform facilities on a rail siding. The other firm occupied excellent facilities, well designed with adequate refrigeration, but desired the competitive advantage the combination of dealers would bring. One firm had been in operation less than 6 months and therefore offered no comment on the proposal.

Most food wholesalers in the city were not favorably inclined toward erecting new facilities because of the upgrading of facilities during the past 15 years. This general lack of interest by dealers would make the prospects for establishment of a new market unfavorable. The indifference indicates food wholesalers do not desire to change the existing situation in the city at this time; therefore, further attempts to develop plans for a food center would be futile.

### REASONS FOR CENTRALIZED MARKETS

In many cities the development of centralized wholesale market facilities has been an evolving process whereby business tended to be drawn to one area or expanded at a location where buyers were able to obtain a complete commodity line. In the city of Baton Rouge, it would be difficult to determine an area which could be called the central market. Not only have the wholesale functions become "split," but through the years have lost any semblance of grouping and have become what can best be termed "scattered."

The major reason for the existence of a central wholesale produce market in a city is that such concentration of wholesale suppliers performs a major service to retail outlets. Buyers, if they desire to shop the market, and select the kinds and varieties of products in the large supply they need, buy from dealers in active competition with each other, and therefore, secure the desired quality, quantity, and variety of commodities at a reasonable price. With such wholesalers at one location, buyers may be completely supplied at one concentrated area.

Most of the produce wholesalers in Baton Rouge operate primarily as service wholesalers, delivering buyers' orders on regular routes.

### CONCLUSIONS

In comparing the total volume handled by independents in 1948 <sup>2/</sup> and 1963, there has been a decline of 11 percent, even though the population in Baton

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<sup>2/</sup> Elliott, William H., Paulhus, Norman G., The Wholesale Market for Fruits, Vegetables, Poultry, and Eggs in Baton Rouge, La., 89 pp., illus. U. S. Dept. Agr. Prod. and Mktg. Adm. Mkt. Fac. Br. Feb. 1948.

Rouge has increased 39 percent since 1950. Individual firm's volumes may have increased because there are fewer wholesalers today than 10 or 15 years ago. The total independent fresh fruit and vegetable volume does not reflect the substantial gains in population, and demonstrates the relative importance of independent and food-chain warehouse suppliers outside the city.

Experiences in other cities indicate market facilities construction has come about as a result of the basic needs by established businesses for the economical operations and marketing benefits which would be derived from centralization of the market. At the present time, in Baton Rouge, there are no proposed highway plans which threaten to displace wholesalers, nor are there, at this time, other plans, either public or private, which might require immediate relocation of any of the food wholesalers in the city.

The Louisiana Department of Agriculture and Immigration conducted a study in cooperation with the Louisiana State University concerning the feasibility of constructing a farmers' market in the city. Although produce dealers were scattered throughout the city, they expressed interest in a proposed farmers' market. Should such facilities be recommended, they may provide the impetus necessary for some of the interested produce wholesalers, if not all, to locate in such a market. Little else can be done to induce wholesalers to move, except a direct subsidy.

In conclusion, existing marketing facilities serving the city are satisfactory. There are no outside factors (highway construction or urban renewal projects) which would force relocation of wholesalers. Therefore, there is no immediate need for constructing new facilities and consequently, a study in depth is not warranted.

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